

**JAY B. RISING**  
**STATE TREASURER**

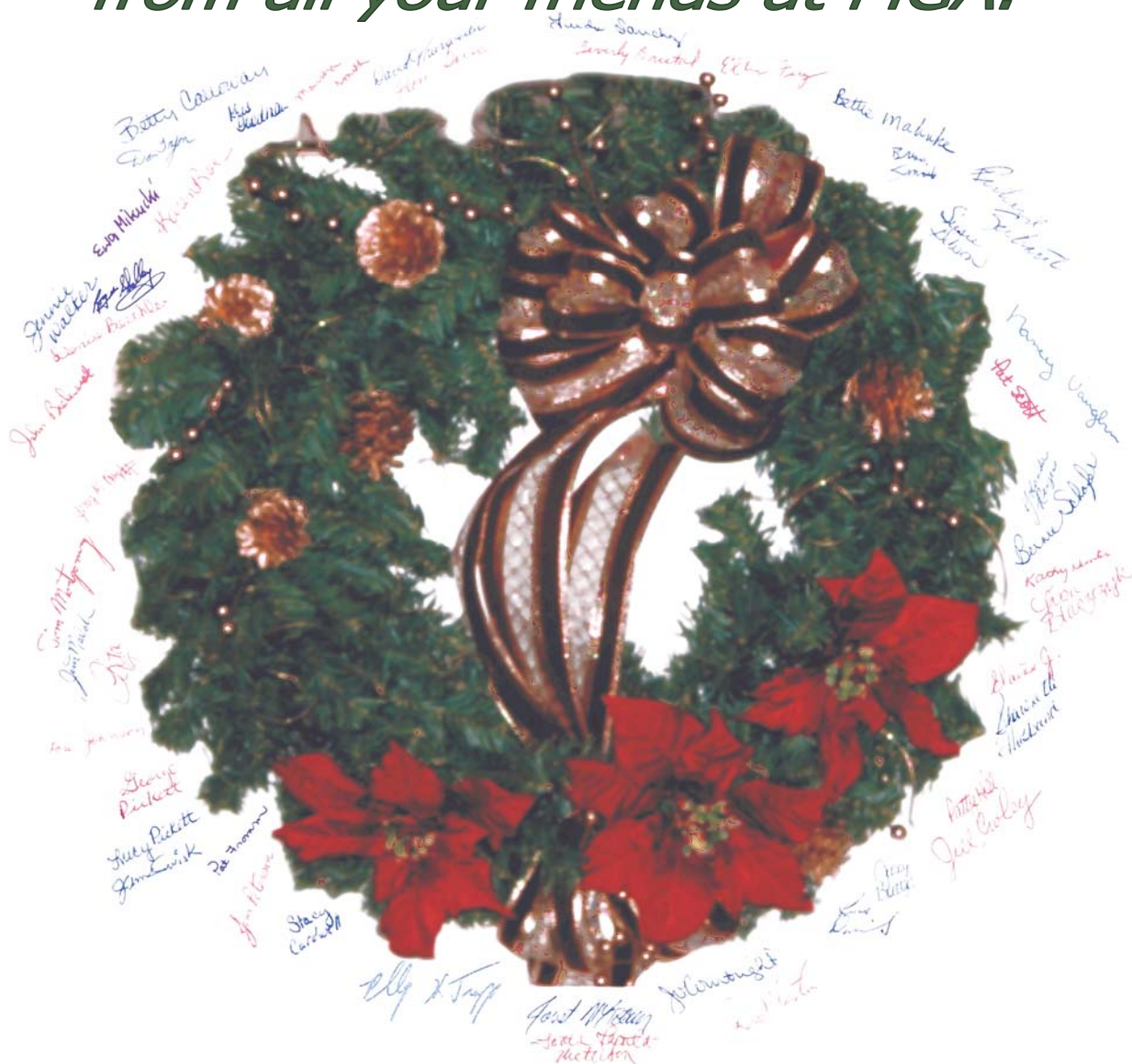
**TO:** Participating Schools and Lenders

**FROM:** Toots Lapata-Victorson 

**DATE:** December 18, 2003

**SUBJECT:** Educational Loan Notes

**Happy Holidays**  
*from all your friends at MGA.*



### LIFE SKILLS TRAIN-THE-TRAINER WORKSHOPS—A RESOUNDING SUCCESS

A series of six Life Skills Train-the-Trainer workshops held around the state were a resounding success. A total of 64 participants representing 27 schools attended the workshops, learning more about the Life Skills financial literacy program that helps students manage their finances and complete their degrees or programs on time.

Cynthia Waisner, Managing Partner of Catalyst Consulting Partners, LLC, an organizational development and strategy-consulting firm, facilitated the Life Skills workshops. From her experience with the pilot phase of the Life Skills program Cynthia has designed student assessments and interactive student activities that she shared at the workshops. Cynthia presented each of the five modules and hands-on activities with enthusiasm. Highlights of the workshops included:

- **Module One - Get a Grip on Your Finances:** *Smart Spending for Students* was designed to teach students strategies for managing their money wisely while they are in school. Cynthia had participants take part in “What Can You Expect To Earn,” an activity that compared job titles and locations with corresponding salary range and median salary information.



Josie Parker (David Pressley School of Cosmetology), Carol Bobby (EMU), Wilma Porter (OCC), and Mechalle Ruffin (EMU) enjoy the workshop activities.

- **Module Two - Seek Out Financial Aid:** *Funding Resources and Financial Obligations* teaches students strategies for obtaining financial aid and helps them grasp the accompanying rights, obligations, and responsibilities. Module Two's activity was “ZINGO.” This game was extremely fun and followed the format of “BINGO,” but used financial aid game clues and answers.



Train-the-Trainer workshop participants conducted on the campus of Western Michigan University discuss the different Life Skills modules.

- **Module Three - Work Hard But Smart:** *How to be Successful in School and Graduate on Time* was designed to teach students strategies for succeeding in college and for completing their education in a timely manner. To prepare for the activity for Module Three, “Time Preference, Sparrows and Owls,” Cynthia explained that each person is either a morning person (sparrow) or a night person (owl). This activity requested the participants to generate student scheduling tips according to whether they were a sparrow or an owl.
- **Module Four - Take Control of Your Future:** *Finishing School and Repaying Your Loans* teaches students to set reasonable career expectations, understand the importance of student loan repayment, and develop strategies that will help them repay their student loans. Cynthia presented an activity called, “Credit Card Quotefalls,” which is a puzzle that the participants had to solve.
- **Module Five - Now that You Are About to Graduate:** *Taking Control of Your Life* was designed to prepare students for employment, help them live within their means, and reinforce students' loan repayment options, responsibilities, and obligations. Cynthia demonstrated this module by conducting a role-play activity called “Now That I Am About To Graduate.” The participants discussed with their “parents” their concerns about graduating, getting a job, and taking on adult financial responsibilities.

(Continued on the next page.)

The attendees thoroughly enjoyed the workshops, as evidenced by the evaluations which were overwhelmingly positive for both the facilitator and the materials. MGA plans to share attendees' Life Skills experiences with all schools. A new area on our Web site will contain a description of activities from Michigan schools implementing Life Skills. If you would like to contribute to this effort, please contact Nancy Vaughn at extension 31871, or via email at [vaughnn@michigan.gov](mailto:vaughnn@michigan.gov).

### **FALL SCHOOL WORKSHOPS IN REVIEW**

MGA, in cooperation with the Education Resource Center, sponsored Fall School Workshops November 18-20 in Grand Rapids, Mt. Pleasant, and Plymouth. Ms. Kochie Richardson, Customer Training Representative of the Education Resource Center, presented valuable information on:

- Federal policy and regulatory updates.
- Technology for financial aid administrators.
- Advice for parents and students on paying for college.
- Federal verification and tax issues.



Ms. Kochie Richardson, the Education Resource Center, explains recent changes made to the FAFSA.

Kochie provided a thorough overview of the 2004-05 Free Application for Federal Student Aid (FAFSA) form, highlighting several changes that have been made. The FAFSA on the Web has been streamlined to make the signature and submission processes easier. The 2004-05 paper Student Aid Report (SAR) will be printed on white paper with a pink "wash" across the top of the page which will make it easier to copy or image. Additional information was provided on the following items:

- Changes to the delivery system's match flags and rejects.

- Reauthorization proposals.
- Gramm-Leach-Bliley Act.
- The HEROES Act of 2003.



MGA's Patty Hill presents information on converting a DocumentDirect Delinquent Borrowers by School Report into a Microsoft® Excel document.

Other areas of interest included the U.S. Department of Education's (ED) implementation of several technical tools to help the financial aid office perform more easily many required administrative functions. ED has relaxed the requirement for schools to become full participants of the Common Origination and Disbursement System until the 2005 award year. The first edition of the *NSLDS Transfer Student Monitoring Guide* is available on the Information for Financial Aid Professionals Web site ([www.ifap.ed.gov](http://www.ifap.ed.gov)) under NSLDS Reference Materials/User Documentation.

MGA, in partnership with the Student Assistance Corporation (SAC), introduced the implementation of new default prevention strategies designed to significantly lower cohort default rates. (The November issue of *Educational Loan Notes* contains more information on MGA's default prevention enhancements.) In addition, schools had an opportunity to view the steps necessary to download the Delinquent Borrowers by School Report from DocumentDirect into a Microsoft® Excel format. **These procedures have been expanded. If you would like a copy of the updated version, please email Patty Hill at [hillPL@michigan.gov](mailto:hillPL@michigan.gov).**

We still have a few workshop manuals available. If you would like one, please contact Stacy Cardwell in the School Services Unit at 1-800-642-5626, extension 36074, or via email at [cardwells@michigan.gov](mailto:cardwells@michigan.gov).



### **MGA OFFERS PERSONALIZED TRAINING**

MGA would like to remind you that we offer “Info Team” presentations as a service to Michigan schools. When requested, staff from our agency will visit your school to conduct “mini-workshops” on topics of your choice at a time that is convenient to your schedule. There are instances when an Info Team can be an effective alternative to our traditional workshops. Perhaps you cannot send as many staff as you would like to one of our workshops, or you experience a turnover in staff and have a need to train new employees, or you believe your staff would benefit from more specialized training. Whatever the reason, an MGA Info Team will bring the training to your campus free of charge.

**How it works:** You define the areas where specific information or more training is needed for the administration of the student loan program. You then meet with an MGA School Services representative to select a tentative date and determine the agenda for your workshop. The representative will assemble Info Team presenters from agency staff, selecting the most qualified presenters based on the topics you choose. Your training date will be confirmed based upon the availability of all Info Team members. The Info Team will prepare training sessions and materials, then present your customized workshop!

We introduced this concept to schools in May 2000. Since that time we have conducted many workshops using the Info Team approach. Topics covered have included cash management, claims and collections procedures, consumer information, debt management, the Family Educational Rights and Privacy Act (FERPA), online entrance and exit counseling, rehabilitating borrowers’ defaulted student loans, and return of Title IV funds. Responses from all of the participating schools have been positive. Not only did they value the personalized information, they said they also appreciated the thoroughness of the content and the amount of time dedicated to answering questions.

We are extremely pleased with the success of this program and encourage you to take advantage of this service. For more information or to schedule an appointment, please contact the School Services Unit at extension 36074.

### **GRAMM-LEACH-BLILEY ACT**

The Gramm-Leach-Bliley Act (GLBA) was signed into law on November 12, 1999. A portion of the GLBA known as the Privacy Rule limits the disclosure of a consumer's nonpublic information, and requires the disclosure of a financial institution's privacy policy. An educational institution's compliance with FERPA satisfies requirements for the Privacy Rule.

As of May 23, 2003, colleges were required to establish standards related to safeguarding customer information. This requirement is known as the Safeguards Rule. The objectives of the standards are to:

- Ensure the security and confidentiality of customer records and information.
- Protect against any anticipated threats or hazards to the security or integrity of such records.
- Protect against unauthorized access to or use of such records or information that could result in substantial harm or inconvenience to any customer.

For additional information concerning the Safeguards Rule please see the January 13, 2003, Advisory Report from the National Association of Colleges and University Business Officers (NACUBO) Web site at [www.nacubo.org/nacubo\\_reports/](http://www.nacubo.org/nacubo_reports/). Additional guidance and compliance tips are available at [www.ftc.gov/privacy/glbact](http://www.ftc.gov/privacy/glbact).

### **PLUS/SLS VARIABLE INTEREST RATE FOR 2004 “91-DAY TREASURY BILL” METHOD**

ED has published a Dear Partner letter that announces a PLUS/SLS variable interest rate of 4.81 percent (1.06% [the 91-day Treasury Bill average] + 3.75%) for the 2004 calendar year. This rate applies only to those PLUS/SLS promissory notes that provide for a calendar year adjustment based on the “91-day Treasury Bill” method.

If you have questions regarding this matter please contact Betty Calloway at extension 39639, or via e-mail at [callowayb@michigan.gov](mailto:callowayb@michigan.gov).



### NSLDS REPORTING REMINDER

Federal law requires lenders and lender servicers to report all status changes throughout the life of a loan to their guarantors. Status changes to report include, but are not limited to:

- Enrollment status changes.
- Cancellation of all or a portion of the loan.
- Date loans enter repayment.
- Loan sales or transfers.
- Loans that have been paid-in-full or consolidated.
- Disbursement date changes.

Lenders and lender servicers are reminded that when a disbursement has been made on a loan, the outstanding principal loan balance is required to be reported to the National Student Loan Data System (NSLDS) with an "in-school" status ID code. In-school status of outstanding loans should be reported on a **monthly** basis.

MGA will continue its monthly systematic sweep of loans in repayment 12 years or more with no claim activity and that have not been reported to the NSLDS within the last four years. The sweep will convert active loans to paid-in-full loans.

It is imperative that loan information is updated and reported in a timely manner so MGA loan data will match the information on the lender's system. This will ensure that the information sent to the NSLDS is accurate.

If you have any questions or concerns please contact Betty Calloway at extension 39639, or via email at [callowayb@michigan.gov](mailto:callowayb@michigan.gov).

### ED APPROVES REVISED FEDERAL CONSOLIDATION LOAN PROGRAM FORMS

ED has published Dear Colleague Letter (DCL) GEN-03-13 announcing the approval of the revised Federal Consolidation Loan Application and Promissory Note and its corresponding documents. The revised forms replace all Consolidation loan forms with an expiration date of June 30, 2003.

ED has mandated that the new forms must be provided to borrowers beginning June 1, 2004. You may, however, begin using the new forms

immediately, and you may process the prior version of the Consolidation Application and Promissory Note if that form is received after June 1, 2004.

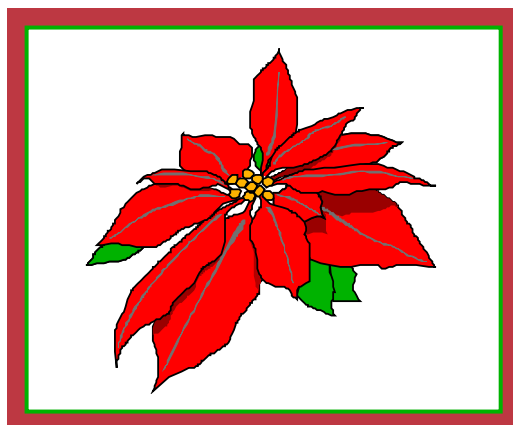
ED has approved two versions of the Consolidation Application and Promissory Note. The first is a generic form which lists the required standard, graduated, income-sensitive, and extended repayment options for borrowers. The second form is lender-specific, allowing you the option of revising section E of the application (with instructions) and to include specific information on repayment plans you offer.

The following forms have been revised and approved:

- Federal Consolidation Loan Application and Promissory Note (standard form)
- Federal Consolidation Loan Application and Promissory Note (lender-specific form)
- Request to Add Loans to a Federal Consolidation Loan
- Additional Loan Listing Sheet for Federal Consolidation Loan Application and Promissory Note
- Federal Consolidation Loan Verification Certificate

These forms may be downloaded from the National Council of Higher Education Loan Programs (NCHELP) Web site at [www.nchelp.org](http://www.nchelp.org). Once there, click on "What's New." At NCHELP's Web site you may also access a copy of the DCL and a matrix detailing the differences between the new Consolidation loan documents and the current ones.

If you have any questions regarding the new Consolidation Application and Promissory Note, please contact Betty Calloway at extension 39639, or via email at [callowayb@michigan.gov](mailto:callowayb@michigan.gov).



Q & A**Is there a program that forgives student loans for teachers?**

Yes. "The Teacher Loan Forgiveness Program is intended to encourage individuals to enter and continue in the teaching profession in certain eligible elementary and secondary schools that serve low-income families. Under this program, the Department of Education repays all or a portion of a borrower's Stafford loan obligations, and Consolidation loan obligations to the extent that a Consolidation loan repaid a borrower's Stafford loan(s)." [ Common Manual 12.9B ]

**Which elementary or secondary schools are eligible?**

An elementary or secondary school must meet three requirements to be considered an eligible school:

- Is in a school district that qualifies for funds under Title I of the Elementary and Secondary Education Act of 1965, as amended. [ § 682.215 c i ]
- Has been selected by the Secretary of Education based on a determination that more than 30 percent of the school's total enrollment is made up of children who qualify for services provided under Title I. [ § 682.215 c ii ]
- Is listed in the *Annual Directory of Designated Low-Income Schools for Teacher Cancellation Benefits*. If this directory is not available before May 1 of any year, the previous year's directory may be used. [ § 682.215 c iii ]

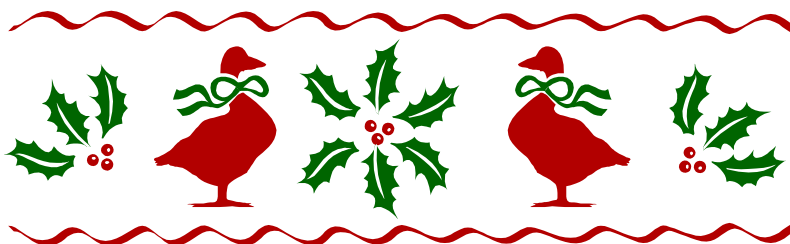
A yearly listing of eligible schools can also be found at the following Web site:  
<http://studentaid.ed.gov/PORTALSWebApp/students/english/cancelstaff.jsp>.

**What are some of the borrower eligibility requirements that qualify for the Teacher Loan Forgiveness Program?**

A borrower may be determined eligible if they meet the following criteria:

- The borrower obtained their first loan on or after October 1, 1998, or they had no outstanding balance on a Stafford loan at the time they obtained a loan on or after October 1, 1998. Also, the borrower must have obtained the loan on which forgiveness is sought before the end of the fifth year of qualifying service.
- The borrower has been employed as a full-time teacher for five complete, consecutive academic years in an eligible school, and at least one of those years must have been after the 1997-1998 academic year.
- If the borrower is an elementary school teacher, they must have demonstrated knowledge and skills in reading, writing, mathematics, and other areas of the school's curriculum. If the borrower is a secondary school teacher, they must be teaching a subject which is relevant to their academic major. The school's chief administrative officer must certify this requirement is met.
- The borrower must not be in default on any loan for which they are seeking forgiveness unless satisfactory repayment arrangements have been made.

If determined to be eligible, a borrower may qualify for forgiveness of up to \$5,000 in principal and interest on their Stafford loan(s) or qualifying Consolidation loan. [ § 682.215 c ]



**Does a Stafford loan taken out before October 1, 1998 and then consolidated after October 1, 1998 qualify for teacher loan forgiveness?**

No. To qualify for forgiveness under the Teacher Loan Forgiveness Program, a borrower must have taken out a loan after October 1, 1998. Since the loan in question was taken out before October 1, 1998, even though it has been consolidated, it is not eligible for forgiveness. [ § 682.215 a ]

**Is a Consolidation loan eligible for the Teacher Loan Forgiveness Program?**

Only the outstanding portion of the Consolidation loan that was used to repay an eligible subsidized or unsubsidized Federal Stafford loan or an eligible Direct Subsidized or Unsubsidized loan qualifies for loan forgiveness. [ § 682.215 d 1 ]

**What happens if, during a borrower's five consecutive, complete academic years of teaching at an otherwise eligible school, the school loses their eligibility?**

"If the school where the borrower is employed meets the eligibility criteria for any year of the borrower's employment, all subsequent years continue to qualify the borrower even if the school is no longer eligible. However, if the borrower is initially employed by a school that does not meet the criteria and the school later qualifies, the borrower's five qualified years of service begins when the school meets the eligibility criteria." [ Common Manual 12.9.B ]

**THE "ED" PIPELINE**

**Dear Colleague Letter**  
**November 2003**  
[GEN-03-13](#)  
[G-03-349](#)  
[L-03-243](#)

Approval of the Federal Consolidation Loan Application and Promissory Note and related documents for use in the Federal Family Education Loan Program.



**SCHOOL LIST UPDATES**

The following changes should be recorded by lenders on MGA's "Active Michigan School List," dated August 6, 2003. If you have any questions regarding these changes, please contact Stacy Cardwell at extension 36074.

**Contact Name Changes**

**Adrian Beauty Academy, Adrian, 020687-00**

Delete Mary Schumacher. Pamela Fiser is the new owner.

**Bay de Noc Community College, Escanaba, 002240-00**

Sue Hebert is the new Financial Aid Director. Sue's telephone number is 800-221-2001, ext. 1177, and fax number is 906-789-6920. Contact Sue via email at [heberts@baydenoc.cc.mi.us](mailto:heberts@baydenoc.cc.mi.us).

**College for Creative Studies, Detroit, 006771-00**

Kristin Moskovitz is the new Financial Aid Director. Kristin's telephone number is 313-664-7468, and her fax number is 313-872-1521. Kristin's email address is [kmoskovitz@ccscad.edu](mailto:kmoskovitz@ccscad.edu).

**Oakland Community College, Auburn Hills, 002303-04**

Delete Patrick Buck. Pamela Hayes is the new Financial Aid Officer. Pamela's telephone number is 248-232-4343 and her email address is [pehayes@oaklandcc.edu](mailto:pehayes@oaklandcc.edu). Her mailing address is 2900 Featherstone Road, Building B, Room 227, Auburn Hills, MI 48326.

**Saginaw Valley State University, University Center, 002314-00**

Delete Jim Dwyer. The new contact person is Robert Lemuel, Director, Office of Scholarships and Student Financial Aid. Robert's email address is [lemuel@svsu.edu](mailto:lemuel@svsu.edu).

**Email Updates**

**Cornerstone University, Grand Rapids, 002266-00**

Kathee Lundin's new email address is [klundin@cornerstone.edu](mailto:klundin@cornerstone.edu).

**Cornerstone University, Grand Rapids, 002266-00**

Geoff Marsh's new email address is [gmarsh@cornerstone.edu](mailto:gmarsh@cornerstone.edu).

**Telephone and Fax Number Change**

**School of Creative Hair Design, Coldwater, 031103-00**

Judy Smith's telephone number is 517-279-2355 and her fax number is 517-279-2789.

**Baker College, Muskegon, 004673-03**

Jody Zerlaut's new telephone number is 231-777-5251.

# Calendar of Upcoming Events

## December 2003

24-26 MGA Office Closed

31 MGA Office Closed

## January 2004

1-2 MGA Offices Closed

25-28 MSFAA Winter Conference  
Marriott Pontiac at Centerpoint  
Pontiac, Michigan

## February 2004

10 Guaranty Agency Advisory Committee  
University Club  
Michigan State University  
East Lansing, Michigan

If you need further information or wish to submit items for the calendar, please contact Jim Peterson, Editor, at extension 36944, or via email at [petersonj@michigan.gov](mailto:petersonj@michigan.gov).





# LOAN NOTES

## December 2003

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